

BARODA TOWNSHIP
BERRIEN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
MARCH 31, 2008

BARODA TOWNSHIP

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INDEPENDENT AUDITORS' REPORT

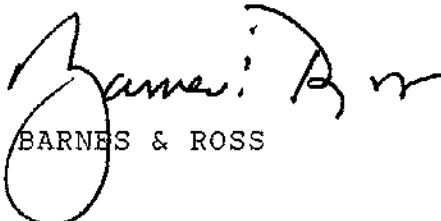
Members of the Baroda Township Board
Baroda, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Baroda Township, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Baroda Township, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and budgetary comparison schedules as identified in the table of contents, are not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.


BARNES & ROSS

August 1, 2008

BARODA TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is intended as a narrative overview of Baroda Township's (the Township) operations over the fiscal year and its financial condition on March 31, 2008.

FINANCIAL HIGHLIGHTS

The Township's total net assets increased \$10 thousand (.4%) as a result of this year's operations. Net assets of the governmental activities increased \$12 thousand (.5%), and net assets of the business-type activities decreased \$2 thousand (.4%).

Of the \$2.7 million total net assets reported, \$1.6 million are available to be used to meet future operating and capital improvement needs.

The General Fund unreserved undesignated fund balance at the end of the fiscal year was \$525 thousand, which represents 152% of the actual total General Fund expenditures for the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis introduces the Township's basic financial statements that follow this section. The Township's basic financial statements are comprised of three parts: management's discussion and analysis, the basic financial statements, and required supplemental information. The basic financial statements include two types of statements that present different views of the Township:

- . The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- . The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the information in the financial statements.

BARODA TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Government-Wide Financial Statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets and the statement of activities includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the Township's net assets and how they have changed. Net assets, the difference between the Township's assets and liabilities, is one way to measure the Township's financial health, or position.

- . Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating.
- . To assess the overall health of the Township you need to consider additional non-financial factors such as changes in the Township's property tax base.

The government-wide financial statements are divided into two categories:

1. Governmental Activities - These activities include functions most commonly associated with government (e.g., general government, public works, public safety, etc.). Property taxes and intergovernmental revenues generally fund these services.
2. Business-Type Activities - These activities provide services that are funded by customer user fees, such as water supply services.

BARODA TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- . Some funds are required by State law and by bond agreements.
- . The Township Board establishes other funds to control and manage money for particular purposes, or to show that it is properly using certain taxes and other revenues.

The Township has two types of funds:

1. Governmental Funds - Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out and, (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information after the governmental funds statements that explains the relationship between them.
2. Proprietary Funds - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide financial statements, provide both long and short-term financial information.

BARODA TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Assets - Total net assets at the end of the fiscal year were \$2.7 million, no change from the prior year. However, \$1.1 million of this total is invested in capital assets. Consequently, unrestricted net assets were \$1.6 million, 61% of the total.

CONDENSED FINANCIAL INFORMATION
NET ASSETS
(in thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>	
			<u>2008</u>	<u>2007</u>
Current assets	\$1,564	\$119	\$1,683	\$1,595
Non-current assets	<u>815</u>	<u>220</u>	<u>1,035</u>	<u>1,089</u>
Total assets	<u>2,379</u>	<u>339</u>	<u>2,718</u>	<u>2,684</u>
Current liabilities	<u>46</u>	<u>-</u>	<u>46</u>	<u>21</u>
Total liabilities	<u>46</u>	<u>-</u>	<u>46</u>	<u>21</u>
Net assets:				
Invested in capital assets	815	220	1,035	1,089
Unrestricted	<u>1,518</u>	<u>119</u>	<u>1,637</u>	<u>1,574</u>
Total net assets	<u>\$2,333</u>	<u>\$339</u>	<u>\$2,672</u>	<u>\$2,663</u>

BARODA TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Changes in Net Assets - The Township's total revenues are \$1,122 thousand. Approximately 54% of the Township's revenues come from property taxes, 13% is received as state revenue sharing, and about 4% of total revenues come from charges for services.

CONDENSED FINANCIAL INFORMATION CHANGES IN NET ASSETS (in thousands)

	Governmental Activities	Business-Type Activities	Totals	
			2008	2007
Revenues:				
Program revenues:				
Charges for services	\$ 33	\$12	\$ 45	\$ 52
Contributions	231	-	231	12
General revenues:				
Taxes	609	-	609	565
State shared revenue	148	-	148	147
Investment income	64	5	69	63
Other	20	-	20	17
Transfers	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,106</u>	<u>16</u>	<u>1,122</u>	<u>856</u>
Expenses:				
Legislative	56	-	56	50
General government	188	-	188	193
Public safety	598	-	598	318
Public works	209	18	227	254
Recreational and cultural	<u>43</u>	<u>-</u>	<u>43</u>	<u>39</u>
Total expenses	<u>1,094</u>	<u>18</u>	<u>1,112</u>	<u>864</u>
Increase (decrease) in net assets	<u>\$ 12</u>	<u>\$(2)</u>	<u>\$ 10</u>	<u>\$ (8)</u>

BARODA TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Governmental Activities:

Governmental activities increased the Township's net assets by \$12 thousand. Key factors include the increase in tax revenue. Revenues totaled \$1,106 thousand while the cost of all governmental activities this year was \$1,094 thousand.

Business-Type Activities:

Business-type activities decreased the Township's net assets by \$2 thousand. The cost of water services for the year ended March 31, 2008 totaled \$48 thousand. Fees for these services totaled \$12 thousand. The Township levies an annual tax for the purpose of paying principal and interest for outstanding water bonds payable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Our analysis of the Township's major funds begins on page 14 following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2008 include the General Fund, Police Fund, Fire Maintenance Fund, Fire Equipment Fund, and Garbage and Rubbish Fund.

The Police Fund had a decrease of \$28 thousand in its fund balance for the year. This was due to an increase in transfers to the Component Unit - Joint Police Board.

The Fire Maintenance Fund had an increase of \$43 thousand in its fund balance for the year.

The Fire Equipment Fund increased its fund balance by \$74 thousand. This was due to a decrease in capital outlay.

The Garbage and Rubbish Fund experienced a decrease of \$24 thousand in its fund balance due to an increase in expenditures.

BARODA TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

GENERAL FUND BUDGETARY HIGHLIGHTS

The Township amended the General Fund budget, primarily to prevent budget overruns. No amendments were significant, individually or in total.

Revenues, principally taxes, were \$10 thousand more than budgeted amounts. General Fund expenditures were also \$120 thousand less than appropriated, which resulted in a \$15 thousand decrease in fund balance, instead of the expected decrease of \$145 thousand. There were several insignificant negative budget variances for individual General Fund activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At March 31, 2008, the Township had invested \$1.035 million in various capital assets, net of depreciation, including its land, buildings, equipment, water and wastewater systems. This amount represents a decrease of \$53 thousand over the prior year.

This year's capital asset additions included \$25 thousand for various equipment needs.

Detailed information about the Township's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt:

At year end, the Township had no outstanding long-term debt other than in its Component Unit. Detailed information about the Township's long-term liabilities is presented in Note 7 to the financial statements.

BARODA TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

ECONOMIC CONDITION AND OUTLOOK

Approximately \$563 thousand is available for appropriation into the General Fund budget. This amount is in addition to our yearly revenue. Small increases in property taxes from increased assessed values are expected to be somewhat offset by decreases in state revenue sharing. The taxable value of all properties in Baroda Township at the end of 2008 was \$85,900,889. Overall revenues are expected to decrease slightly in 2009.

The Township is reviewing several projects for 2008 and 2009. They are in no particular order.

- . Upgrading the playground surfaces and equipment at Hess Lake Park.
- . Investigate the installation of Columbariums at Ruggles Cemetery.
- . Create a Special Assessment District for funding rubbish pickup and eliminate the millage for rubbish pickup (this will result in more equitable charges for all residents).
- . Decrease the millage for the Fire Equipment Fund.
- . Update our 5-year Master Plan.

We are currently working on the playground equipment, the Special Assessment District and the 5-Year Master Plan. In the very near future we will address the fire equipment millage and Columbarium issues.

None of these projects have been finalized yet and will not proceed without being discussed in our public meetings. Our main cost increase will be health insurance, fire and police vehicle insurance, Hess Lake Park improvements, building insurance, and gas prices.

BARODA TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONCLUDED

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Baroda Township's finances to its residents and creditors, and to demonstrate the Township's accountability for the money it receives. Any questions regarding this report should be addressed to The Township of Baroda, Supervisor's Office, P.O. Box 215, Baroda, Michigan 49101, Phone (269) 422-2300, e-mail BarodaTWPClerk@Parrett.Net.

BARODA TOWNSHIP

GOVERNMENT-WIDE
STATEMENT OF NET ASSETS
YEAR ENDED MARCH 31, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Current assets:				
Cash and cash equivalents	\$1,451,585	\$105,674	\$1,557,259	\$ 30,909
Receivables	49,838	3,865	53,703	19,633
Taxes receivable	36,529	-	36,529	-
Special assessment receivable	-	7,371	7,371	-
Internal balances	(2,352)	2,352	-	-
Due from component unit	868	-	868	-
Due from other units of government	27,830	-	27,830	-
Total current assets	1,564,298	119,262	1,683,560	50,542
Non-current assets:				
Capital assets, net	815,228	219,950	1,035,178	80,376
Total assets	2,379,526	339,212	2,718,738	130,918
Liabilities:				
Accounts payable and accrued liabilities	15,705	-	15,705	40,801
Due to primary government	-	-	-	868
Due to other units of government	30,170	-	30,170	-
Non-current liabilities:				
Due within one year	-	-	-	16,920
Due in more than one year	-	-	-	18,051
Total liabilities	45,875	-	45,875	76,640
Net assets:				
Invested in capital assets, net of related debt	815,228	219,950	1,035,178	45,405
Restricted	-	-	-	797
Unrestricted	1,518,423	119,262	1,637,685	8,076
Total net assets	\$2,333,651	\$339,212	\$2,672,863	\$ 54,278

The notes to the financial statements are an integral part of this statement.

BARODA TOWNSHIP
GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
Legislative	\$ 56,372	\$ -	\$ -
General government	188,046	15,840	7,265
Public safety	597,548	17,077	214,199
Public works	213,867	-	14,839
Recreational and cultural	<u>42,919</u>	<u>-</u>	<u>-</u>
Total	1,098,752	32,917	236,303
Business-type activities:			
Water	<u>17,675</u>	<u>11,665</u>	<u>-</u>
Total primary government	1,116,427	44,582	236,303
Component unit:			
Joint police	<u>376,273</u>	<u>696</u>	<u>400,005</u>
Total activities	<u>\$1,492,700</u>	<u>\$45,278</u>	<u>\$636,308</u>
General revenues:			
Property taxes			
State-shared revenue			
Unrestricted investment earnings			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Change in net assets			
Net assets - beginning of year			
Net assets - end of year			

The notes to the financial statements are an integral part of this statement.

<u>Net (Expenses) Revenues and Change in Net Assets</u>			
<u>Primary Government</u>			
<u>Governmental</u>	<u>Business-Type</u>		<u>Component</u>
<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Unit</u>
\$ (56,372)	\$ -	\$ (56,372)	\$ -
(164,941)	-	(164,941)	-
(366,272)	-	(366,272)	-
(199,028)	-	(199,028)	-
<u>(42,919)</u>	<u>-</u>	<u>(42,919)</u>	<u>-</u>
(829,532)	-	(829,532)	-
<u>-</u>	<u>(6,010)</u>	<u>(6,010)</u>	<u>-</u>
(829,532)	(6,010)	(835,542)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>24,428</u>
<u>(829,532)</u>	<u>(6,010)</u>	<u>(835,542)</u>	<u>24,428</u>
608,770	-	608,770	-
148,040	-	148,040	-
63,587	4,916	68,503	1,448
20,343	-	20,343	8,921
<u>588</u>	<u>(588)</u>	<u>-</u>	<u>-</u>
<u>841,328</u>	<u>4,328</u>	<u>845,656</u>	<u>10,369</u>
11,796	(1,682)	10,114	34,797
<u>2,321,855</u>	<u>340,894</u>	<u>2,662,749</u>	<u>19,481</u>
<u>\$2,333,651</u>	<u>\$339,212</u>	<u>\$2,672,863</u>	<u>\$54,278</u>

BARODA TOWNSHIP
GOVERNMENTAL FUNDS
BALANCE SHEET
MARCH 31, 2008

	<u>General</u>	<u>Police</u>	<u>Fire Maintenance</u>	<u>Fire Equipment</u>
ASSETS				
Cash and cash equivalents	\$885,073	\$ -	\$294,324	\$272,056
Receivables	32,927	-	9,106	7,805
Taxes receivable	36,529	-	-	-
Due from other funds	75	175,790	19,672	7,741
Due from component unit	-	-	-	-
Due from other units of government	27,586	-	244	-
Total assets	<u>\$982,190</u>	<u>\$175,790</u>	<u>\$323,346</u>	<u>\$287,602</u>
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued liabilities	\$ 8,000	\$ -	\$ 7,637	\$ -
Due to other funds	378,258	-	75	3,911
Due to other units of government	30,170	-	-	-
Deferred revenues	2,929	-	-	-
Total liabilities	<u>419,357</u>	<u>-</u>	<u>7,712</u>	<u>3,911</u>
Fund balances:				
Reserved	37,603	-	-	-
Unreserved:				
Designated for working capital	525,230	-	-	-
Reported in Special Revenue Funds	-	175,790	315,634	283,691
Total fund balances	<u>562,833</u>	<u>175,790</u>	<u>315,634</u>	<u>283,691</u>
Total liabilities and fund balances	<u>\$982,190</u>	<u>\$175,790</u>	<u>\$323,346</u>	<u>\$287,602</u>

The notes to the financial statements are an integral part of this statement.

<u>Garbage and Rubbish</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 132	\$1,451,585
-	-	49,838
-	-	36,529
173,680	2,934	379,892
-	868	868
-	-	27,830
<u>\$173,680</u>	<u>\$3,934</u>	<u>\$1,946,542</u>
\$ -	\$ 68	\$ 15,705
-	-	382,244
-	-	30,170
-	-	2,929
-	68	431,048
-	-	37,603
-	-	525,230
<u>173,680</u>	<u>3,866</u>	<u>952,661</u>
<u>173,680</u>	<u>3,866</u>	<u>1,515,494</u>
<u>\$173,680</u>	<u>\$3,934</u>	<u>\$1,946,542</u>

BARODA TOWNSHIP
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2008

Fund balance of the Governmental Funds	\$1,515,494
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and are not reported in the funds	815,228
Revenues in the Statement of Activities that do not provide for current financial resources and are not reported as revenues in the funds	<u>2,929</u>
Net assets of Governmental Activities	<u><u>\$2,333,651</u></u>

The notes to the financial statements are an integral part of this statement.

BARODA TOWNSHIP

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2008

	<u>General</u>	<u>Police</u>	<u>Fire Maintenance</u>	<u>Fire Equipment</u>
Revenues:				
Taxes and penalties	\$101,031	\$156,495	\$118,473	\$ 76,592
Federal grants	-	-	167,360	-
State grants	148,040	-	-	-
Licenses and permits	7,119	-	-	-
Fines and forfeitures	734	-	-	-
Charges for services and sales	8,721	-	-	-
Interest and rentals	41,423	-	11,689	10,382
Contributions from local units	22,104	-	46,839	-
Other revenues	<u>2,421</u>	<u>-</u>	<u>640</u>	<u>-</u>
Total revenues	<u>331,593</u>	<u>156,495</u>	<u>345,001</u>	<u>86,974</u>
Expenditures:				
Current:				
Legislative	56,372	-	-	-
General government	172,295	-	-	-
Public safety	31,232	184,054	301,820	12,829
Public works	33,600	-	-	-
Recreational and cultural	<u>53,530</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>347,029</u>	<u>184,054</u>	<u>301,820</u>	<u>12,829</u>
Excess (deficiency) of revenues over expenditures	(15,436)	(27,559)	43,181	74,145
Other financing sources - transfers in	<u>588</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(14,848)	(27,559)	43,181	74,145
Fund balances - beginning of year	<u>577,681</u>	<u>203,349</u>	<u>272,453</u>	<u>209,546</u>
Fund balances - end of year	<u>\$562,833</u>	<u>\$175,790</u>	<u>\$315,634</u>	<u>\$283,691</u>

The notes to the financial statements are an integral part of this statement.

<u>Garbage and Rubbish</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$155,769	\$ -	\$ 608,360
-	-	167,360
-	-	148,040
-	17,077	24,196
-	16,548	17,282
-	-	8,721
-	93	63,587
-	-	68,943
-	-	3,061
<u>155,769</u>	<u>33,718</u>	<u>1,109,550</u>
-	-	56,372
-	-	172,295
-	35,399	565,334
180,267	-	213,867
-	-	53,530
<u>180,267</u>	<u>35,399</u>	<u>1,061,398</u>
(24,498)	(1,681)	48,152
-	-	588
(24,498)	(1,681)	48,740
<u>198,178</u>	<u>5,547</u>	<u>1,466,754</u>
<u>\$173,680</u>	<u>\$ 3,866</u>	<u>\$1,515,494</u>

BARODA TOWNSHIP

GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

Net change in fund balances - Total Governmental Funds	\$48,740
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	
Capital outlay	25,379
Depreciation expense	(62,733)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	<u>410</u>
Change in net assets of Governmental Activities	<u>\$11,796</u>

The notes to the financial statements are an integral part of this statement.

BARODA TOWNSHIP
PROPRIETARY FUND
STATEMENT OF NET ASSETS
MARCH 31, 2008

	<u>Water Operating</u>
Assets:	
Current assets:	
Cash	\$105,674
Special assessment receivable	7,371
Due from other funds	2,352
Interest receivable	<u>3,865</u>
Total current assets	119,262
Non-current assets:	
Capital assets	<u>219,950</u>
Total assets	<u>339,212</u>
Liabilities	<u>-</u>
Net assets:	
Invested in capital assets, net of related debt	219,950
Unrestricted	<u>119,262</u>
Total net assets	<u><u>\$339,212</u></u>

The notes to the financial statements are an integral part of this statement.

BARODA TOWNSHIP
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2008

	<u>Water Operating</u>
Operating revenues:	
Charges for services	<u>\$ 11,665</u>
Operating expenses:	
Administration	1,700
Depreciation	<u>15,922</u>
Total operating expenses	<u>17,622</u>
Operating loss	<u>(5,957)</u>
Non-operating revenues (expenses):	
Interest income	4,916
Interest and fiscal charges	<u>(53)</u>
Total non-operating revenues (expenses)	<u>4,863</u>
Net loss before transfers out	(1,094)
Transfers out	<u>(588)</u>
Change in net assets	(1,682)
Net assets - beginning of year	<u>340,894</u>
Net assets - end of year	<u>\$339,212</u>

The notes to the financial statements are an integral part of this statement.

BARODA TOWNSHIP
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 YEAR ENDED MARCH 31, 2008

	<u>Water Operating</u>
Cash flows from operating activities:	
Receipts from customers	\$ 11,665
Payments to suppliers	<u>(1,700)</u>
Net cash provided by operating activities	<u>9,965</u>
Cash flows from capital and related financing activities:	
Collection of special assessments (principal and interest)	1,051
Payment to General Fund	<u>(641)</u>
Net cash provided by capital and related financing activities	<u>410</u>
Cash flows from investing activities:	
Interest on investments	<u>923</u>
Net increase in cash and cash equivalents	11,298
Cash and cash equivalents - beginning of year	<u>94,376</u>
Cash and cash equivalents - end of year	<u><u>\$105,674</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (5,957)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	<u>15,922</u>
Net cash provided by operating activities	<u><u>\$ 9,965</u></u>

During the year ended March 31, 2008, there were no non-cash investing or capital and related financing activities.

The notes to the financial statements are an integral part of this statement.

BARODA TOWNSHIP
COMPONENT UNIT
STATEMENT OF NET ASSETS
MARCH 31, 2008

	<u>Joint Police</u>
Assets:	
Cash and cash equivalents	\$ 30,909
Receivables	19,633
Capital assets, net	<u>80,376</u>
Total assets	<u>130,918</u>
Liabilities:	
Accounts payable and accrued liabilities	35,089
Due to primary government	868
Compensated absences payable	5,712
Non-current liabilities:	
Due within one year	16,920
Due in more than one year	<u>18,051</u>
Total liabilities	<u>76,640</u>
Net assets:	
Invested in capital assets, net of related debt	45,405
Restricted	797
Unrestricted	<u>8,076</u>
Total net assets	<u>\$ 54,278</u>

The notes to the financial statements are an integral part of this statement.

BARODA TOWNSHIP
 COMPONENT UNIT
 STATEMENT OF ACTIVITIES
 YEAR ENDED MARCH 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenues</u>
		<u>Services</u>	<u>Grants and</u>	<u>and Change</u>
			<u>Contributions</u>	<u>in Net Assets</u>
				<u>Component</u>
				<u>Unit</u>
				<u>Joint Police</u>
Public safety	<u>\$376,273</u>	<u>\$696</u>	<u>\$400,005</u>	<u>\$24,428</u>
Total activities	<u>\$376,273</u>	<u>\$696</u>	<u>\$400,005</u>	<u>\$24,428</u>
General revenues:				
Interest income				1,448
Miscellaneous				<u>8,921</u>
Total general				
revenues				<u>10,369</u>
Change in net				
assets				34,797
Net assets - beginning				
of year				<u>19,481</u>
Net assets - end of year				<u>\$54,278</u>

The notes to the financial statements are an integral part of this statement.

BARODA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

The accounting policies of the Township of Baroda, Michigan conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township of Baroda.

A. REPORTING ENTITY.

The Township is governed by an elected five member board. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Discretely Presented Component Unit

Financial data of the component unit is included in the component unit column in the basic financial statements. It is reported in a separate column to emphasize that it is legally separate from the Township.

The Baroda and Lake Township Police Department was created to provide protection to the residents. The authority is operated by a joint administrative board created by the Townships of Baroda and Lake and the Village of Baroda pursuant to Act 33 of the Public Acts of Michigan of 1951, as amended. The joint administrative board agreed that Baroda Township should handle the treasury and accounting functions for the authority. The budget for the authority is approved by the joint board.

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and inter-governmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for Governmental Funds and Proprietary Funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major sources of revenue meet the availability criterion: property taxes, state-shared revenues, and interest earned in the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED.

The Township's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township reports the following major Governmental Funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Police Fund - The Police Fund accounts for the resources collected that are to be used for protection in the Township.

Fire Maintenance Fund - The Fire Maintenance Fund accounts for the resources to be used for maintenance of fire protection equipment.

Fire Equipment Fund - The Fire Equipment Fund accounts for the resources to be used for the purchase of fire equipment.

Garbage and Rubbish Fund - The Garbage and Rubbish Fund accounts for the activities of the garbage collection system.

The Township reports the following major Proprietary Fund:

Water Fund - The Water Fund accounts for the activities of the water distribution system.

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to (to also) follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Proprietary Fund relates to charges to customers for sales and services. The Water Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non-operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY.

Bank Deposits and Investments - For purposes of the cash flow statement, cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer and water systems, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets of government activities either retroactively to June 15, 1980, or prospectively. The Township has elected to account for its infrastructure assets prospectively, beginning April 1, 2005. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building improvements	15 to 30 years
Water system	33 years
Vehicles	3 to 15 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED.

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Township does not have a policy to pay any amounts when employees separate from service with the Township. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Long-Term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications - Comparative data is not included in the Township's financial statements.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY.

A. BUDGETARY INFORMATION.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

At the March meeting, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. Public hearings are conducted at the Township Hall to obtain taxpayer comments. Prior to March 31, the budget is legally enacted on a summary budget basis through passage of a resolution. During the year, the budget was amended in a legally permissible manner.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS.

During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditures</u>
General Fund:		
Legislative	\$ 53,367	\$ 56,172
Supervisor	32,575	35,088
Public Safety:		
Fire Protection	7,600	8,000
Zoning Administration	6,000	6,148
Public Works	28,425	33,600
Fire Maintenance Fund	108,815	301,820
Garbage and Rubbish Fund	162,160	180,467
Police Fund	141,654	184,054

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 3. DEPOSITS AND INVESTMENTS.

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township of Baroda has designated three banks for the deposit of the Township's funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investments in instruments authorized by Public Act 20.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Cash	\$ 684,847	\$ 30,674	\$ 715,521	\$30,909
Certificates of deposit	<u>766,738</u>	<u>75,000</u>	<u>841,738</u>	<u>-</u>
Total cash and cash equivalents	<u>\$1,451,585</u>	<u>\$105,674</u>	<u>\$1,557,259</u>	<u>\$30,909</u>

The Township had no investments at March 31, 2008.

The bank balance of the primary government's deposits is \$1,684,800 of which \$300,000 is covered by federal depository insurance. The component unit's deposits had a bank balance of \$30,909 of which the total balance was covered by federal depository insurance.

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 4. RECEIVABLES.

Receivables as of year-end for the Township's individual major funds and component unit in the aggregate are as follows:

	General Fund	Fire Mainte- nance Fund	Fire Equip- ment Fund	Water Fund	Total	Component Unit Joint Police
Taxes receivable	\$36,529	\$ -	\$ -	\$ -	\$ 36,529	\$ -
Accounts receivable	22,520	-	-	-	22,520	19,633
Interest receivable	10,407	9,106	7,805	3,865	31,183	-
Intergovernmental	27,586	244	-	-	27,830	-
Special assessments	-	-	-	7,375	7,375	-
Net receivables	<u>\$97,042</u>	<u>\$9,350</u>	<u>\$7,805</u>	<u>\$11,240</u>	<u>\$125,437</u>	<u>\$19,633</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>
Delinquent property taxes	<u>\$2,929</u>

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 5. CAPITAL ASSETS.

Capital asset activity of the Primary Government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 29,861	\$ -	\$ -	\$ 29,861
Capital assets being depreciated:				
Buildings	519,477	-	-	519,477
Improvements other than buildings	85,002	10,611	-	95,613
Machinery and equipment	<u>1,096,345</u>	<u>14,768</u>	<u>-</u>	<u>1,111,113</u>
Subtotal	<u>1,700,824</u>	<u>25,379</u>	<u>-</u>	<u>1,726,203</u>
Less, accumulated depreciation for:				
Buildings	263,011	8,471	-	271,482
Improvements other than buildings	40,981	5,088	-	46,069
Machinery and equipment	<u>574,113</u>	<u>49,172</u>	<u>-</u>	<u>623,285</u>
Subtotal	<u>878,105</u>	<u>62,731</u>	<u>-</u>	<u>940,836</u>
Governmental activities capital total assets - net of depreciation	<u>\$ 852,580</u>	<u>\$(37,352)</u>	<u>\$ -</u>	<u>\$ 815,228</u>
<u>Business-Type Activities</u>				
Capital assets being depreciated:				
Water system	\$ 530,186	\$ -	\$ -	\$ 530,186
Less, accumulated depreciation for:				
Water system	<u>294,314</u>	<u>15,922</u>	<u>-</u>	<u>310,236</u>
Business-type activities capital total assets - net of depreciation	<u>\$ 235,872</u>	<u>\$ 15,922</u>	<u>\$ -</u>	<u>\$ 219,950</u>

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 5. CAPITAL ASSETS - CONCLUDED.

<u>Component Unit</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Vehicles and equipment	\$ 240,760	\$ 23,287	\$ -	\$ 264,047
Less, accumulated depreciation for:				
Vehicles and equipment	<u>161,840</u>	<u>21,831</u>	<u>-</u>	<u>183,671</u>
Component unit capital total assets - net of depreciation	<u>\$ 78,920</u>	<u>\$ 1,456</u>	<u>\$ -</u>	<u>\$ 80,376</u>

Depreciation expense was charged to programs of the Primary Government as follows:

Governmental Activities:	
General government	\$15,751
Public safety	<u>46,982</u>
Total governmental activities	<u>\$62,733</u>
Business-Type Activities:	
Water	<u>\$15,922</u>
Component Unit:	
Joint police	<u>\$21,831</u>

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS.

The composition of interfund balances is as follows:

<u>Receivables</u>	<u>Payables</u>	<u>Amount</u>
Water Fund	General Fund	\$ 2,352
Fire Equipment Fund	General Fund	7,741
Garbage and Rubbish Fund	General Fund	173,680
Police Fund	General Fund	175,790
Fire Maintenance Fund	General Fund	15,761
Building Inspection Fund	General Fund	2,934
Fire Maintenance Fund	Fire Equipment Fund	3,911
General Fund	Fire Maintenance Fund	75
		<u>\$382,244</u>

<u>Receivables</u>	<u>Payables</u>	<u>Amount</u>
Due to/from Primary Government and Component Unit:		
Primary Government -	Component Unit -	
Drug Law Enforcement	Joint	
Fund	Police	\$ 868
		<u>\$ 868</u>

Interfund transfers reported in the Fund Financial Statements are comprised of the following:

<u>Receiving Fund</u>	<u>Providing Fund</u>	<u>Amount</u>
General Fund	Water Fund	\$ 588
		<u>\$ 588</u>

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2008

Note 7. LONG-TERM DEBT.

Included in the Component Unit are notes for the purchase of police vehicles under installment contracts.

Long-term obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Component Unit:					
Installment					
purchase agreement:					
Amount of issue					
\$44,870,					
maturing 2009	6.65%	\$32,547	\$ -	\$10,159	\$22,388
Installment					
purchase agreement:					
Amount of issue					
\$25,220,					
maturing May,					
2009	6.75%	<u>18,285</u>	<u>-</u>	<u>5,702</u>	<u>12,583</u>
Total due		<u>\$50,832</u>	<u>\$ -</u>	<u>\$15,861</u>	<u>\$34,971</u>

Annual debt service requirements to maturity for the above bonds and installment purchase obligations are as follows:

<u>Year Ended March 31,</u>	<u>Component Unit</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$16,920	\$2,338	\$19,258
2010	<u>18,051</u>	<u>1,207</u>	<u>19,258</u>
Total	<u>\$34,971</u>	<u>\$3,545</u>	<u>\$38,516</u>

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONCLUDED
MARCH 31, 2008

Note 8. RISK MANAGEMENT.

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for these claims and participates in the Michigan Township Participating Plan risk pool for claims relating to buildings, equipment, vehicles, and several liabilities. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9. RETIREMENT PLAN.

The Township adopted a defined contribution pension plan effective July 1, 1992 for employees and officials in lieu of social security. Employees who elect this plan contribute 6% of their gross earnings to the plan, which is matched by the Township. The plan is deposited with Traveler's Insurance Co., and administered by J.W. Ryan.

The Township's pension cost for fiscal year March 31, 2008 was \$3,958.

BARODA TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Over (Under)</u>
Fund balance adjusted - beginning of year	\$577,681	\$577,681	\$577,681	\$ -
Resources (inflows):				
Property taxes	113,575	113,575	101,031	(12,544)
State grants	148,000	148,000	148,040	40
Licenses and permits	7,500	7,500	7,119	(381)
Fines and forfeitures	700	700	734	34
Charges for services	10,000	10,000	8,721	(1,279)
Interest and rentals	32,980	32,980	41,423	8,443
Contributions from local units	6,500	6,500	22,104	15,604
Transfer from other funds	-	-	588	588
Other miscellaneous	<u>2,250</u>	<u>2,250</u>	<u>2,421</u>	<u>171</u>
Amounts available for appropriation	<u>899,186</u>	<u>899,186</u>	<u>909,862</u>	<u>10,676</u>
Charges to appropriations (outflows):				
Legislative	53,367	53,367	56,372	3,005
General government:				
Supervisor	32,575	32,575	35,088	2,513
Elections	4,400	4,400	2,442	(1,958)
Assessor	18,350	18,850	16,814	(2,036)
Clerk	35,350	35,350	34,329	(1,021)
Board of Review	2,482	3,432	2,948	(484)
Treasurer	27,735	27,735	26,449	(1,286)
Township Hall	6,475	10,875	8,201	(2,674)
Municipal Building	16,200	16,200	15,517	(683)
Cemetery	35,200	35,200	30,507	(4,693)
Public safety:				
Fire protection	7,600	7,600	8,000	400
Planning Commission	20,585	22,085	12,534	(9,551)
Board of Appeals	6,625	6,625	4,550	(2,075)
Zoning Administration	6,000	6,000	6,148	148
Public works	28,425	28,425	33,600	5,175
Recreational and cultural:				
Park	125,775	125,775	21,850	(103,925)
Library service	<u>31,680</u>	<u>31,680</u>	<u>31,680</u>	<u>-</u>
Total charges to appropriations	<u>458,824</u>	<u>466,174</u>	<u>347,029</u>	<u>(119,145)</u>
Fund balance - end of year	<u>\$440,362</u>	<u>\$433,012</u>	<u>\$562,833</u>	<u>\$129,821</u>

BARODA TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - POLICE FUND
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Over (Under)</u>
Fund balance - beginning of year	\$203,349	\$203,349	\$203,349	\$ -
Resources (inflows):				
Property taxes	<u>140,000</u>	<u>140,000</u>	<u>156,495</u>	<u>16,495</u>
Amounts available for appropriation	<u>343,349</u>	<u>343,349</u>	<u>359,844</u>	<u>16,495</u>
Charges to appropriations (outflows):				
Public safety	<u>141,654</u>	<u>141,654</u>	<u>184,054</u>	<u>42,400</u>
Total charges to appropriations	<u>141,654</u>	<u>141,654</u>	<u>184,054</u>	<u>42,400</u>
Fund balance - end of year	<u>\$201,695</u>	<u>\$201,695</u>	<u>\$175,790</u>	<u>\$(25,905)</u>

BARODA TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - FIRE MAINTENANCE FUND
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Over (Under)</u>
Fund balance - beginning of year	\$272,453	\$272,453	\$272,453	\$ -
Resources (inflows):				
Property taxes	105,000	105,000	118,473	13,473
Federal grants	-	-	167,360	167,360
Interest and rentals	104,000	104,000	11,689	(92,311)
Contributions from local units	-	-	46,839	46,839
Other miscellaneous	<u>50</u>	<u>50</u>	<u>640</u>	<u>590</u>
Amounts available for appropriation	<u>481,503</u>	<u>481,503</u>	<u>617,454</u>	<u>135,951</u>
Charges to appropriations (outflows):				
Public safety	<u>101,815</u>	<u>108,815</u>	<u>301,820</u>	<u>193,005</u>
Total charges to appropriations	<u>101,815</u>	<u>108,815</u>	<u>301,820</u>	<u>193,005</u>
Fund balance - end of year	<u>\$379,688</u>	<u>\$372,688</u>	<u>\$315,634</u>	<u>\$(57,054)</u>

BARODA TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - FIRE EQUIPMENT FUND
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Over (Under)</u>
Fund balance - beginning of year	\$209,546	\$209,546	\$209,546	\$ -
Resources (inflows):				
Property taxes	70,000	70,000	76,592	6,592
Interest and rentals	<u>7,500</u>	<u>7,500</u>	<u>10,382</u>	<u>2,882</u>
Amounts available for appropriation	<u>287,046</u>	<u>287,046</u>	<u>296,520</u>	<u>9,474</u>
Charges to appropriations (outflows):				
Public safety	<u>46,025</u>	<u>46,025</u>	<u>12,829</u>	<u>(33,196)</u>
Total charges to appropriations	<u>46,025</u>	<u>46,025</u>	<u>12,829</u>	<u>(33,196)</u>
Fund balance - end of year	<u>\$241,021</u>	<u>\$241,021</u>	<u>\$283,691</u>	<u>\$42,670</u>

BARODA TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GARBAGE AND RUBBISH FUND
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Over (Under)</u>
Fund balance - beginning of year	\$198,178	\$198,178	\$198,178	\$ -
Resources (inflows):				
Property taxes	<u>140,000</u>	<u>140,000</u>	<u>155,769</u>	<u>15,769</u>
Amounts available for appropriation	<u>338,178</u>	<u>338,178</u>	<u>353,947</u>	<u>15,769</u>
Charges to appropriations (outflows):				
Public works	<u>162,160</u>	<u>162,160</u>	<u>180,267</u>	<u>18,107</u>
Total charges to appropriations	<u>162,160</u>	<u>162,160</u>	<u>180,267</u>	<u>18,107</u>
Fund balance - end of year	<u>\$176,018</u>	<u>\$176,018</u>	<u>\$173,680</u>	<u>\$(2,338)</u>



August 1, 2008

Board of Trustees
Baroda Township
9091 First Street
Baroda, Michigan 49101

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Baroda Township ("the Township") as of and for the year ended March 31, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as described below, we identified certain deficiencies in internal control that we are required to communicate to you. The matters communicated in this letter are classified as follows:

- **Deficiency** - A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.
- **Significant Deficiency** - A significant deficiency, is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.
- **Material Weakness** - A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

We believe the following deficiency constitutes a significant deficiency in internal control:

1. The size of the Township's accounting and administrative staff limits the segregation of duties over cash receipt and cash disbursement transactions. The same individual accepts cash receipts; records cash receipts, receives bank statements, prepares bank reconciliations and is an approved check signer.

We believe the following deficiency constitutes a material weakness:

1. The general ledger in total and in several of the individual funds was not in balance at March 31, 2008. In addition to the above, the balance sheet is not segregated into the various individual funds. Generally accepted accounting principles require each fund to maintain its own balance sheet.
2. Material adjustments were proposed by the auditors during the audit that affected the financial statements of Township. Management is responsible for establishing and maintaining internal controls that result in the fair presentation of the financial statements. The independent auditor cannot be part of the Township's internal controls.

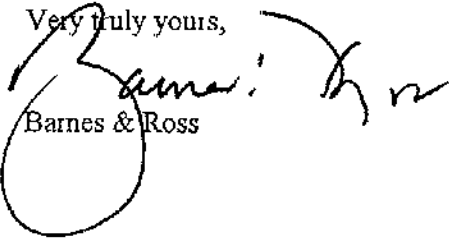
In addition to the above, we offer the following comments and recommendations noted during our audit which are not considered significant or material weaknesses:

1. Currently, the Township uses the Peachtree accounting software which is not a "fund accounting" package. When the software was implemented the individual funds were set up in one entity which has resulted in several accounting problems. We recommend that the Township either purchase a fund accounting software program or set up each fund as a separate entity in the software system. The latter solution will require a significant number manual journal entries each year to properly record transactions.
2. During our audit we noted that the W-3 (total wages) did not reconcile to the quarterly payroll tax returns. It appears the error relates to pre and after tax contributions to the retirement plan and HSA.
3. We also noted that the State began depositing the state revenue sharing electronically in May 2008. The funds are being transferred to the Baroda-Lake Police checking account in error by the State of Michigan.
4. Several of the bank reconciliations in Peachtree need to be adjusted to show the actual outstanding items (General Fund, Fire Maintenance and Police) and several items need to be removed from the manual reconciliations. Our office can assist the clerk with the corrections that need to be made to update those reports (noted 3/31/07).
5. The Police and Rubbish funds do not maintain separate bank accounts and have large balances in the inter-fund accounts to the General Fund. The Township should allocate investment earnings to the proper funds (noted 3/31/07).
6. The State's Property Tax Division completed a ten year review of the Industrial Facilities Tax "SET". They discovered SET overpayments in 1997 and 1998 by the Township. These funds need to be distributed to the respective school districts in accordance with the State's report. In addition to the above, amounts are also due Lake Michigan College & the mobile home park due to an error in prior distributions.

We would like to thank the Board for the courtesy and cooperation extended to us by the officials and employees of the Township during the course of our audit. We appreciate the opportunity to present these comments and recommendations for your consideration and would be pleased to assist you in implementing them in the future.

This communication is intended solely for the information and use of management, the Township Board, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Barnes & Ross